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# CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

# FINANCIAL EMERGENCY OF THE UNITED NATIONS

## The financial situation of the United Nations

## Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financial situation of the United Nations (A/C.5/47/13). During its consideration of this report, the Committee met with representatives of the Secretary-General who provided supplementary information on the latest cash flow projections for 1992.

2. The main part of the Secretary-General's report describes the financial situation of the United Nations, while annex I, section A, of the report reiterates the proposals made by the Secretary-General in his report on the same subject (A/46/600/Add.1). The Advisory Committee's views on all of these proposals are reflected in its report (A/46/765) dated 11 December 1991.

3. Section B of annex I of the report of the Secretary-General (A/C.5/47/13) lists three additional proposals made in the report of the Secretary-General on preventive diplomacy, peacemaking and peace-keeping, "An agenda for peace" (A/47/277-S/24111).

4. With regard to proposal (a) in that list, the Advisory Committee believes that its views on the question of the establishment of a revolving peace-keeping reserve fund have essentially been dealt with in its earlier report mentioned above (A/46/765).

5. With regard to proposal (b), the Committee points out that this has to be considered in the light of proposals to increase the Working Capital Fund and the possible establishment of a reserve for peace-keeping operations. Moreover, the Committee points out that the proposal is not in conformity with the current financial regulations and the budgetary process.

6. With regard to proposal (c), the Advisory Committee believes that, under the existing financial rules, there are sufficient exemptions permitted to enable the Secretary-General to enter into contracts without competitive bidding.

7. In this connection, the Advisory Committee draws attention to the latest report of the Board of Auditors on the accounts of the United Nations, in which the Board has reported that "only 17 per cent of 5,444 purchase orders issued during the biennium at Headquarters was awarded through the bidding process, whereas for 83 per cent of purchase orders, the Administration resorted to the permitted exemptions". The Board expressed concern that in other cases "bidding has become the exception rather than the general rule" and recommended that "the exemption process be used sparingly". 1/

8. The Advisory Committee notes that section C of annex I in the report of the Secretary-General contains ideas that have been the subject of public discussion in recent months; the Committee was informed by the representatives of the Secretary-General that these were not proposals from the Secretary-General. It is the Committee's understanding that the discussions are continuing and, therefore, at this stage, the Committee is not in a position to comment on the subject.

9. In addition, the Advisory Committee notes that the chart provided in paragraph 18 and the table in annex IV of the report of the Secretary-General have lumped together all outstanding contributions to the regular budget and to peace-keeping operations. The Committee is of the view that the lump sum reporting of outstanding contributions conceals year-to-year changes in the amounts of contributions received as well as the amounts in arrears relative to the outstanding contributions in the current year, thus failing to reflect clearly the current financial situation of the Organization. By contrast, the Committee observes that the presentation in the series of documents on the Status of Contributions (ST/ADM/SER.B/-) gives greater clarity as to the status of the contributions outstanding, as well as indicating the level of contributions received from each Member State in the current year. Therefore, the Committee recommends that future submissions should report the balance due as at 1 January of the current year, in addition to the balance due as at the date of reporting, separately for both the regular budget and for assessed peace-keeping operations.

## Notes

1/ Official Records of the General Assembly, Forty-seventh Session, Supplement No. 5 (A/47/5 and Corr.1), paras. 228 and 229.

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